

BAN3702

MAY/JUNE 2018

BANKING: TREASURY MANAGEMENT

STUDENT NUMBER									

IDENTITY NUMBER											

FOR USE BY EXAMINATION INVIGILATOR

BANKING Treasury Management

Subject

Number of paper

Date of examination

Examination centre

Question No	Marks					
	Examiners					
	1	2	3	4	5	6
1 (15 marks)						
2 (25 marks)						
3 (20 marks)						
4 (10 marks)						
Total						

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**BAN3702**

May/June 2018

Banking : Treasury Management

Duration 2 Hours

70 Marks

EXAMINERS

FIRST

MS R DU RANDT

SECOND

MR JS DE BEER

EXTERNAL

MISS MD MABALANE

Use of a non-programmable pocket calculator is permissible

Closed book examination

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- This is a fill-in paper. You need to answer all questions in the spaces provided. Show all calculations.
- This paper consists of ten (10) pages in total
- There are four (4) questions which are all **COMPULSORY**
- The marks awarded per question should give you an indication of the length of your answer.

[TURN OVER]

Question 1

[15]

1.1 You have to prepare a Treasury Bill (TB) tender on behalf of your bank's treasury department. You are given the following information:

Yield required: 91-day bills 7%, 182-day bills 7.5%; 273-day bills 8%

Amount to tender respectively: R10 000 000, R15 000 000, and R20 000 000

(a) Calculate the discount rate and tender price for each maturity (6)

(b) Assume all three of your bank's bids are accepted. Calculate the consideration for each maturity (6)

[TURN OVER]

1.2 Suppose a bank reports that its net income for the current year is R51 million, its assets total R1 144 million, and its liabilities amount to R926 million. Calculate the bank's return on equity (ROE) (3)

Question 2

[25]

2.1 XYZ Bank had, in the year just completed, total interest expenses on all borrowings of R12 million and non-interest expense of R5 million, while interest income from earning assets totaled R16 million and non-interest revenues totaled R2 million. The bank's assets amounted to R480 million, of which earning assets represented 85 per cent of that total and while total interest-bearing liabilities, amounted to 75 per cent of total assets

[TURN OVER]

2.4 An investor buys a Treasury Bill. If the nominal value is R1 million, the current discount rate is 10 per cent and the remaining tenor is 50 days. Determine the initial amount consideration needed to invest in the bill (4)

2.5 What are the advantages of using duration as opposed to interest-sensitive gap analysis? (3)

[TURN OVER]

3 4 Explain the meaning of YTM (2)

Question 4 [10]

4.1 Discuss three measurements that are recognized as adequacy standards for foreign reserves (6)

Fill-in/MCQ



Examination period

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Date

This is to certify that I have read the rules governing the examinations as set out on the inside cover of this examination answer book and in the examination instructions

That the information supplied by me in this answer book is correct and valid

I undertake to adhere to the procedures, rules and regulations of the University of South Africa as published in the official brochures

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ID Number

Batch No
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Signature of invigilator

UNISA invigilator's personnel number

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